

Message Text

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PAGE 01 MADRID 03103 251859Z
ACTION EB-08

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E.O. 11652: N/A
TAGS: BDIS, EINV, SP
SUBJECT: COMPLAINT AGAINST U.S. SUBSIDIARY

1. EMBOFF WAS VISITED APRIL 22 BY SR. D. JUAN ALCORTA MAIZ THE PRESIDENT OF SAVIN, S.A., SPAIN'S LARGEST WINE PRODUCER AND EXPORTER, WHO EXPLAINED LEGAL ACTION HIS FIRM IS TAKING INVOLVING SPANISH SUBSIDIARY OF SCHENLEY INDUSTRIES INC. OF NEW YORK. ACCORDING TO SR. ALCORTA TWO FORMER OFFICIALS OF HIS FIRM WERE HIRED BY THE SCHENLEY SUBSIDIARY AGE, A SPANISH WINE COMPANY OVER 50 PERCENT OWNED BY THE U.S. COMPANY, SEVERAL MONTHS AGO. THESE TWO MEN, ANTONIO MARECA AND JOSE LUIS MILAGRO, TOOK WITH THEM COMPANY DOCUMENTS COVERING ALL OF SAVIN'S BUSINESS ACTIVITIES. SAVIN FILED A LEGAL COMPLAINT AND ON 11 FEB 1977 A JUDGE AND TWO GUARDIA CIVIL POLICEMEN ENTERED THE AGE COMPANY HEADQUARTERS IN THE CITY OF LOGRONO AND SEIZED 86 PORTFOLIOS OF DOCUMENTS THAT WERE THE PROPERTY OF SAVIN. SR. ALCORTA SAID THE COURT WILL TAKE ACTION IN THIS CASE WITHIN THE NEXT 15-20 DAYS.

2. SR. ALCORTA SAID HIS FIRM HAS NOT CONTACTED THE SCHENLEY COMPANY IN NEW YORK BUT HE HAS TRIED TO DISCUSS THE MATTER WITH THE AMERICAN MANAGER OF AGE, MR. ANTHONY ROAD, WHO REFUSES TO TALK TO HIM. ALCORTA BELIEVES THAT WHEN THE COURT DECISION HITS THE PRESS, IT WILL GIVE AMERICAN BUSINESS IN SPAIN A BLACK EYE.

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HE BELIEVES THAT IF SCHENLEY'S HOME OFFICE WERE AWARE OF THE MATTER IT WOULD TAKE STEPS TO CORRECT THE SITUATION.

3. EMBOFF TOLD ALCORTA THAT THE USG IS VERY INTERESTED IN HOW AMERICAN BUSINESS CONDUCTS ITS OPERATIONS ABROAD AND THAT EMBASSY WOULD BRING THIS SITUATION TO THE ATTENTION OF THE APPROPRIATE USG AGENCIES WITH THE SUGGESTION THAT THEY NOTIFY

SCHENLEY INDUSTRIES.

4. COMMENT. SR. JUAN ALCORTA'S FIRM IS THE LARGEST WINE EXPORTER IN SPAIN, WITH A GOOD SHARE OF ITS EXPORTS GOING TO THE US MARKET. HIS APPROACH TO THE EMBASSY WAS OPEN AND FRIENDLY WITH NO TRACE OF HOSTILITY TOWARD AMERICAN BUSINESS IN GENERAL. HE APPEARED CONVINCED THAT IF SCHENLEY'S HOME OFFICE KNEW THE FACTS OF THE SITUATION, IT WOULD WANT TO TAKE IMMEDIATE CORRECTIVE ACTION. EMBASSY BELIEVES THAT IN THE INTERESTS OF MAINTAINING OUR GENERALLY GOOD BUSINESS IMAGE IN SPAIN THIS INFORMATION SHOULD BE BROUGHT AS SOON AS POSSIBLE TO THE ATTENTION OF SCHENLEY IN NEW YORK. STABLER

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